

**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765**

**EXAMINATION REPORT
OF**

**STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBER 164
PENDLETON, INDIANA**

January 1, 2003 to December 31, 2003

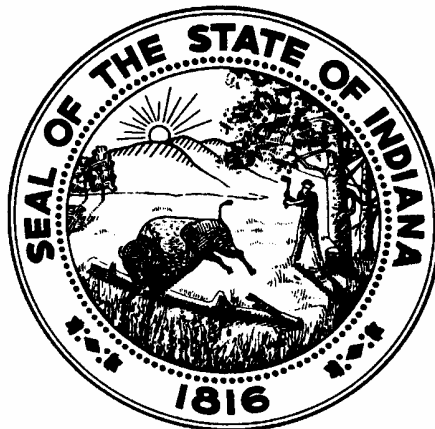


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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairman, Bureau of Motor Vehicles Commission	Mr. Gerald Coleman Ms. Mary DePrez	01-06-02 to 02-29-04 03-01-04 to 01-05-05
Branch Manager	Mrs. Sue J. Cassidy (Deceased) Ms. Jessie Mc Fadden (Acting)	01-01-03 to 11-02-04 11-03-04 to 12-31-04



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE STATE BUREAU OF MOTOR VEHICLES COMMISSION

We have examined the Schedule of Collections and Distributions of the State Bureau of Motor Vehicles Commission License Branch Number 164 (Branch) for the period of January 1, 2003, to December 31, 2003. The Branch's management is responsible for the schedule. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Schedule of Collections and Distributions and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents fairly, in all material respects, the cash transactions of the Branch for the year ended December 31, 2003, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

October 28, 2004

STATE BUREAU OF MOTOR VEHICLES COMMISSION
 LICENSE BRANCH NUMBER 164
 PENDLETON, INDIANA
 SCHEDULE OF COLLECTIONS AND DISTRIBUTIONS
 January 1, 2003 to December 31, 2003

	<u>Amount</u>
Collections:	
Registrations	\$ 3,670,184
Titles	866,792
Drivers Licenses	131,799
Watercraft	80,400
Miscellaneous	<u>478</u>
Total	<u>\$ 4,749,653</u>
Distributions:	
State Fees	\$ 1,721,873
County Tax	2,495,337
Commission Fees	<u>532,443</u>
Total	<u>\$ 4,749,653</u>

The accompanying notes are an integral part of the schedule.

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBER 164
PENDLETON, INDIANA
NOTES TO SCHEDULE OF COLLECTIONS AND DISTRIBUTIONS

Note 1. Introduction

The Motor Vehicles Commission was created to manage the motor vehicle license branches. The Bureau of Motor Vehicles is a separate state agency which provides support services to the Commission controlled license branches. The license branches collect fees which fund the Motor Vehicles Commission. The license branches collect and forward county taxes (excise tax, wheel tax, and surtax) and state fees. The Commission has one contractual branch that is administered by an individual contractor according to Bureau policies. The Commission has developed a mobile license branch to serve the need of CDL license issuance and other special needs as they arise.

Note 2. Collections and Distributions

Each branch collects fees and taxes when vehicle and watercraft registrations, titles and drivers licenses are sold. Fees are uniform throughout the state. The following taxes are collected by the branches: excise tax, surtax, wheel tax, and use tax.

The total daily collections are deposited to a single bank account. From this account the collections are distributed to separate bank accounts which are not controlled by the license branch and belong to the state, county and Bureau of Motor Vehicles Commission.

Note 3. Banking System

The Bureau of Motor Vehicles Commission has entered into an agreement with Bank One for a cash concentration system. The system utilizes a series of individual noninterest bearing accounts (clearing accounts) from which all fees and taxes are transferred.

STATE BUREAU OF MOTOR VEHICLES COMMISSION
 LICENSE BRANCH NUMBER 164
 PENDLETON, INDIANA
 STATISTICAL INFORMATION
 January 1, 2003 to December 31, 2003

<u>Transactions Processed</u>	<u>Quantity</u>
Vehicle Registrations:	
Passenger	16,901
Motorcycle	806
RV (Housecar)	601
Light Truck	7,456
Other Truck	320
Farm Truck	156
Tractor	81
Trailer	3,326
Semi-Trailer	532
School and Church Bus	115
Other Bus	1
Other	22
	<hr/>
Total Vehicle Registrations	<u>30,317</u>
Drivers Licenses and Permits:	
Drivers Licenses/Learners Permits	5,814
CDL Licenses/CDL Permits	355
Placards	959
Other	3,328
	<hr/>
Total Drivers Licenses and Permits	<u>10,456</u>
Titles:	
Vehicles	32,469
Watercraft	286
	<hr/>
Total Titles	<u>32,755</u>
Total Watercraft Registrations	<u>1,087</u>

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBER 164
PENDLETON, INDIANA
EXAMINATION RESULTS AND COMMENTS
January 1, 2003 to December 31, 2003

ACCOUNTABLE ITEMS

The following schedule details missing items revealed during a comparison of actual inventory of accountable items to the Open Inventory Report of the State Bureau of Motor Vehicles at December 31, 2003. No evidence was found to indicate these items have been sold.

<u>Year</u>	<u>Plate Type</u>	<u>Plate Number</u>
2005	Trailer 3,000	386580A
2006	Arts Trust	AT7124 to AT7148
2007	Handicapped	102983
2007	Handicapped	129004
2007	Passenger	48G3729
2007	Passenger	48J808
2007	Passenger	48J4149
2007	Passenger	48J4566
2007	Passenger	48J8181

A listing of the items that are to be accounted for to the State Board of Accounts is included in the Branch Operations Policies and Procedures Manual. (Branch Operations Policies and Procedures Manual, Supplies and Equipment Chapter)

INVENTORY CONTROL

Accountable items were not accurately maintained. These items included ninety-six hour permits.

Instructions for maintaining logs of accountable items are given to the branch managers. (Branch Operations Policies and Procedures Manual, Equipment and Supplies Chapter)

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBER 164
PENDLETON, INDIANA
EXIT CONFERENCE

The contents of this report were discussed on November 9, 2004, with Ms. Jessie Mc Fadden, Acting Branch Manager. The official response has been made a part of this report and may be found on Pages 9 and 10.



Bureau of Motor Vehicles Commission

Madison County License Branch

753 East Water Street
Pendleton, Indiana 46064
Telephone: 765 778-3494

State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, IN 46204-2738

November 18, 2004

This is an official response to the SBA audit held at Pendleton Branch 164 in October 2004.

At the beginning of 2004, Pendleton's manager of nearly 24 years Sue Cassidy went on FMLA leaving Teamleader Wendy Graham in charge, Wendy was terminated nearly a month later and Assistant Manager Pam Johnson from Noblesville 105 was sent in only to be released two weeks later and replaced by Jessie McFadden, Assistant Manager of Carmel 227. Jessie remained in place until May at which Sue Cassidy returned. Sue returned to FMLA status in June to which Jessie McFadden was asked to return to Pendleton.

The above should give you some idea of the instability the staff has endured during the past year. The branch adheres to all necessary policies and procedures. Unfortunately there are procedures that need to be improved on or changed entirely to make future audits successful. The staff including Accountant Kelli Whitehead and Teamleader Tracy Hiatt are very much aware that these changes need to be implemented immediately.

Pendleton Branch 164 will be doing the following:

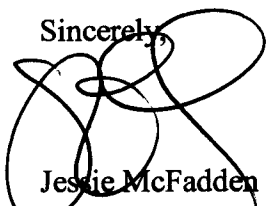
1. Utilizing the greenbar tool effectively: Plates that are skipped in sequence will be investigated in a timely manner. Plates issued to the drawer will be sold in order. CSR's will make a conscientious effort to pull plates in order and notify management of any discrepancies.

2. When transferring plates: Information will be recorded on TCL 1 form and copied so that the plate activity book will reflect these transfers. The copy will be held until the original form is returned to the branch by supply.
3. Plates put into HFA for any reason will also be copied and entered into the plate activity book.
4. Plates forced on will be verified by management.
5. Errors and corrections on plates will be dealt with in a timely manner.
6. Year end inventory procedures will be improved upon. Inventory teams will verify counts by each other. Inventory entry will be completed by two people, one doing the entry and one verifying entry is correct.
7. Plates ordered special for customers will be kept in a separate location for easy tracability.
8. When plate orders are received all boxes will be verified with what supply has documented as sent. Should an error exist on the documentation, supply will be contacted immediately so a correction to allocation can begin immediately.
9. Permits and other accountable documents will be issued in order and verified upon receipt.
10. Organization of year end audit boxes in plate room.

Absolute dedication to these steps should enhance Pendleton 164's audit performance a great deal. I have no doubt that the staff there is capable of completing these tasks to the best of their ability.

I am now back at my home branch, Carmel 227. If you should have any questions or concerns regarding this letter, feel free to call me at 317-846-5590.

Sincerely,



Jessie McFadden
Assistant Manager
Carmel 227